

Service Date January 18, 1983

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * *

IN THE MATTER Of The Application)	
Of The MOUNTAIN STATES TELEPHONE)	
AND TELEGRAPH COMPANY (MOUNTAIN)	UTILITY DIVISION
BELL) For Authority To Establish)	
New Rates And For Approval Of)	DOCKET NO. 82.11.73
Tariff Changes In Connection With)	
Its Comprehensive Rural Telephone)	ORDER NO. 4950a
Improvement Program.)	
_____)	

FINDINGS OF FACT

1. On September 21, 1981, this Commission issued Order No. 4839 in Docket No. 80.10.79. This order directed Mountain States Telephone and Telegraph Company (Mountain Bell) to commence a Rural Telephone Improvement Program to upgrade all Montana customers to single- or two-party telephone service by the end of 1984.

2. During November, 1982 all matters concerning the Rural Telephone Improvement Program (RTIP) were assigned Docket No. 82.11.73.

3. On December 22, 1982, pursuant to several meetings with this Commission, Mountain Bell filed a Request For Modification of the original order. Subsequent to the issuance of Order No. 4839 there have been substantial changes in the telecommunications area. These changed circumstances include the current uncertainties with the evolvement of the separation process and concerns relating to the impact divestiture and the changes in the separations process will have on basic exchange rates. The Company is also concerned about the effect divestiture may have on Mountain Bell's ability to attract capital during 1983.

4. Mountain Bell submits that extension of the Montana RTIP through and including 1986 is in the best interest of the Company and the Montana ratepayers. The Commission, the Company, and its customers will be afforded a better opportunity to assess the impacts of the RTIP on basic exchange rates as some of the current uncertainties become resolved. The Commission agrees that it is in the best interest of the Company and the ratepayers to decelerate the RTIP.

5. For construction year 1983, Mountain Bell proposes to continue with its Rural Telephone Improvement Program in the following exchanges:

Roundup	Butte-South	East Helena
Sidney	Whitehall	Helena-North
Wibaux	Boulder	Noxon
Cascade	Cooke City	Stevensville
Denton	Gardiner	
Valier	Helena-Main	

Mountain Bell further proposes to expend up to \$1.5 million during 1983 to make improvements in the Savage Exchange, the problem routes within the exchanges of Great Falls, Thompson Falls, West Yellowstone, and other problem routes to be identified at a later date. The Commission approves this construction plan for 1983.

6. The Company intends to submit to this Commission a list of the remaining exchanges and its proposal as to the timing of the improvements relative to those exchanges for the remainder of the RTIP. The Commission finds a submittal of this information to be appropriate. However, the Commission feels that the construction program for future years should be tentative and subject to year by year examination as uncertainties in the telecommunications industry are resolved. The Commission finds that three-way meetings between the Company, the Commission, and the Montana Consumer Counsel, no later than August of each year, would be the best method for reviewing the RTIP.

7. In Order No. 4839, Finding No. 22, the Commission stated that:

"At the end of the 1984 construction season the Commission will strongly consider declaring any and all remaining plant used in the provision of four- and eight-party service to be not useful and will further consider removing it from the Company's rate base."

The Commission is reconsidering the future of four- and eight-party service in Montana. For this reason the Commission intends to work with the Company in determining the usefulness and adequacy of this plant and will not remove it from rate base at the end of 1984.

8. With the exceptions outlined in the above Findings of Fact the Commission reaffirms its Findings contained in Order No. 4839.

9. As further evidence that extension of the RTIP through and including 1986 is desirable, Mountain Bell states that, "...the public interest would be served as the Company will have the opportunity to take advantage of newer technology as it is developed and becomes available." The Commission expects Mountain Bell to continue to work with the Commission staff via three-way meetings to keep them informed of newer technology and the status of the RTIP. The Commission is interested in being informed of technological improvements in excess of normal capital expenditures that may be used not only to improve rural service but to enhance the whole Montana network.

CONCLUSIONS OF LAW

1. Mountain States Telephone and Telegraph Company is a corporation providing telephone and other communication services within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Mountain States Telephone and Telegraph Company shall complete its Rural Telephone Improvement Program by the end of 1986.

2. Mountain Bell is to submit additional route improvements for the 1983 construction program and the estimated cost for each route to the Commission by January 15, 1983.

3. Mountain Bell is to submit a list of remaining exchanges and a proposal as to the time of the improvements relative to those exchanges for the remainder of the Rural Telephone Improvement Program by January 31, 1983.

DONE AND DATED this 10th day of January, 1983, at Helena, Montana, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Thomas J. Schneider, Chairman

John B. Driscoll, Commissioner

Howard L. Ellis, Commissioner

Clyde Jarvis, Commissioner

Danny Oberg, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.